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Twelve monthly charts are provided for recording daily expenses under various headings, with a tabulation of daily, monthly, and yearly totals, cash on hand, bank and savings account balances, to induce a definite plan of saving.

*Methods of borrowing. Sinking funds v. serial bonds.* (Boston: Commission to Compile Information and Data for the Use of the Constitutional Convention. 1917. Pp. 17.)

*Moody's manual of railroads and corporation securities.* Vol. 3, *Industrial section.* Eighteenth annual number. (New York: Moody Manual Co. 1917. Pp. xii, 88, 2564.)

*Municipal officer and the issue of municipal bonds and notes.* (Portland, Me.: Fidelity Trust Co. 1917. Pp. 12.)

*Operating expenses in the wholesale grocery business.* Bureau of Business Research, bulletin no. 9. (Cambridge: Harvard Univ. Press. 1917. Pp. 8.)

This represents the initial results of a study of operating expenses in the wholesale grocery business. Figures were received from 108 wholesale grocers located in 31 states and Canada. The net profit varied from a loss of 1.13 per cent to a profit of 7.01 per cent.

*Poor's manual of industrials; manufacturing, mining and miscellaneous companies.* Eighth annual number. (New York: Poor's Manual Co. 1917. Pp. 2800. \$10.)

*Profit record of the New York curb reduced to figures, illustrating the money-making possibilities of the second largest stock market in the United States.* (New York: Publishers Prtg. Co. 1917. Pp. 24.)

*Savings payment plan for purchasing safe bonds.* (Chicago: Halsey, Stuart & Co. 1917.)

*War's effect on British securities.* (New York: J. H. Oliphant & Co. 1917. Pp. 31.)

### Capital and Capitalistic Organization

*Essays in the Earlier History of American Corporations.* By JOSEPH STANCLIFFE DAVIS. Harvard Economic Studies, No. XVI. Two volumes. (Cambridge: Harvard University Press. 1917. Pp. xiii, 547; x, 419. \$2.50 each.)

In appearance, workmanship, and permanent value these two volumes fully maintain the high standard set by the best numbers in the series of Harvard Economic Studies. The four essays are entitled: I, Corporations in the American Colonies; II, William Duer, Entrepreneur; III, The "S. U. M.": the First New Jersey Business Corporation; IV, Eighteenth Century Business Corporations in the United States. The first and fourth essays taken

together are an attempt, following the method used with such distinguished success by Professor W. R. Scott in his *Joint-Stock Companies to 1720*, to trace the slow and somewhat disappointing development of the American corporation during the eighteenth century. The second essay, on William Duer, is not directly connected with the main thesis but serves to illustrate the conditions, moral, political, and economic, under which the promoters and managers of the eighteenth century corporation carried on their work. The remaining essay, that devoted to the "S. U. M.," in some ways the most valuable of all the studies, traces at considerable length the foundation and earlier history of the most unique of all the corporate creations which originated in the United States before the middle of the nineteenth century.

As the student of social and economic institutions reads the history of the 317 corporations which are included in the work under discussion, his mind immediately and almost unconsciously reverts to the discarded theory of the founder of modern political economy, Adam Smith, who in 1776 (*Wealth of Nations*, bk. V, ch. 1) concluded that the joint-stock company without exclusive privileges was incapable of being successfully used as an organization for the carrying on of any kind of business except banking, insurance, canals and water works. Davis' investigations, to be sure, partially confirm the conclusion above referred to. For of the 317 corporations enumerated, 29 were engaged in banking, 33 in insurance, 66 in inland navigation, including canals and the improvement of natural waterways, and 32 in the supplying of water. These four categories include 160 companies or over one half of all those incorporated before 1801. If to these we add three other classes, *viz.*, toll-bridges, turnpikes and docks, enterprises so similar in their nature to canals that they may well be included in the same class, there will be found a total of 305 out of 317 corporations or over 90 per cent. Of the remaining, eight were engaged in manufacturing, one in mining, one in agriculture, one in land speculation, and two in trade and commerce.

Viewing the corporation movement as a whole, Davis' investigation proves fairly conclusively that the business man as well as those actively connected with the provincial, state, and federal governments were sufficiently familiar with the technique of the corporation to undertake the work of promotion and organization with considerable success. Indeed, as Baldwin states (*Two Centuries' Growth of American Law*, p. 261), of whatever else they

might be ignorant, every man, woman, and child of the four original New England colonies must know something of the law of corporations, since it governed all the relations of their life. Generally speaking the cause of the many failures was neither a lack of knowledge of the corporate organization, nor was it the lack of the requisite capital.

The financiers of the period were, it appears, fully aware of the advantages of limited liability (vol. II, p. 317), of transferable shares, of a selected board of managers, of using government obligations as a basis for borrowed capital. They feared consolidated wealth (vol. II, p. 320) and occasionally prohibited interlocking directorates (vol. II, p. 325), corporate stockholding and the one share one vote method of voting. Furthermore there were among them men of vision, such as Hamilton, Morris, Duer, Boudinot, and others, who appreciated fully the merits of a diversified industrial life, of large-scale units, and the function of capital as an aid to efficient production.

Considering the opportunities for its profitable use, capital especially after the Revolutionary War seems to have been relatively abundant. Comparatively few projects were abandoned for want of the necessary funds and in numerous instances capital stock was over subscribed, notably during the "bancomania" period when the stock of the "Million Bank" fixed at \$1,000,000 was over subscribed ten times within two hours after it was placed on sale.

The effective obstacles to the early development of the corporation in other lines than those enumerated by Adam Smith are to be found in connection with the problems of management rather than with those of organization. The business men were ignorant of the art of managing finances, men, or machinery. They had not then learned to appreciate the desirability of maintaining a surplus working capital reserve (vol. II, p. 326). Their accountants were inefficient, their managers incompetent and sometimes intemperate, their workmen untrained. Machinery had to be imported. Yet all these difficulties might have been overcome had the directors and managers understood the rudimentary principles of industrial management. The short and disastrous history of the "S. U. M.," the society for establishing useful manufactures, a pet project of Alexander Hamilton, backed by a group of the leading business men of New York and Philadelphia, bears testimony to the now generally accepted fact that incorporated enter-

prises in other than routine fields are foredoomed to failure unless managed with ordinary skill and with ordinary attention to the principles of equity. Banking corporations were generally successful because they were generally managed with at least average ability and with a fair regard to intercorporate justice. Few manufacturing corporations, to quote a contemporary writer, "have ever been fraught with other consequences than those of disappointment and absolute loss" (vol. I, p. 368). The critics of present-day methods of management, even those who believe the railways might save a million dollars a day by the adoption of efficient operating policies, ought to breathe easier after reading the sad history of the first great manufacturing corporation and indeed most of the other industrial corporations of the eighteenth century.

The work is provided with an exhaustive bibliography, a list of the incorporated companies arranged chronologically by classes, and an excellent index.

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#### NEW BOOKS

BRUCE, A. A. *Property and society*. National social science series, edited by F. L. McVEY. (Chicago: McClurg, 1916. Pp. 150. 50c.)

Judge Bruce generalizes historically and descriptively concerning the right to private property, the modern extensions of the conception of that right, and the limitations upon it. He pleads for legislative and judicial action based upon what is for the public interest rather than upon the fact that rights are to be protected or have been infringed. He hints, for instance, at the advantages to society from the increased size of business and industrial units. If practical monopolies in the business and industrial world were only impressed with a public interest he believes the trust-busting era might well be brought to an end. The author doubts the advisability of the state's taking over vast accumulations of capital through drastic inheritance tax laws.

The fact that a judge of one of our state courts of last resort is moved to write on the subject of property and society at all causes us to wish that he had made a closer psycho-analysis of the mental operations of judges who have the validity of legislation before them for determination. Do they, for instance, in any considerable numbers regard it as their duty to stand between property and the proletariat? Do they in reality constitute our American House of Lords? If so, do they perform on the whole a wise and useful function? Can any government live long in order without such conservative second chambers? Judge Bruce's book suggests that he could throw light on these vital matters if he only would.

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